

Methodology for UUK analysis of cumulative financial impact of government policies

This document sets out the assumptions, method and sources UUK have used in estimating the cumulative financial impact of government policy decisions over the period academic year 2024-25 to 2029-30.

Income: £5,459 million over the period 2024–25 to 2029–30

Domestic undergraduate tuition fee uplift

Estimated impact: Increase in income to the sector of £364 million in 2025-26 and additional increases in following years based on inflationary uplift in the fee cap from 2026-27 onwards, assuming universities increase fees up to the fee cap each year.

Institutions covered: All providers covered by [DfE student loan forecasts for England 2024-25](#)

Parameters of estimate and other assumptions: Reflects increase in the fee cap confirmed by government according to forecast RPIX inflation in Quarter 1 of each academic year, as set out in the OBR's November 2025 Economic and fiscal forecast. Uprated fee caps applied to DfE forecasts for number of students accessing fee loans in the [July 2025 DfE Student loan forecasts for England publication](#).

Uplifts in the fee cap by forecast inflation for 2028–29 and 2029–30 are shown separately, to reflect that these have yet to be confirmed, and further information on government intention to link these to 'judgements on quality' is yet to be announced. In the absence of further detail, it is assumed all providers can uplift fees for 2028-29 onwards. We will update this in future once we have further details.

Source: UUK modelling

Additional costs and loss of funding: £9,177 million over the period 2024–25 to 2029–30

Immigration Policies

Estimated impact: £3,850 million cumulative loss of income to higher education institutions resulting from immigration policies coming into effect from academic year 2024–25

Institutions covered: All English providers returning data to HESA on non-UK student numbers in academic years 2023–24 and 2024–25

Parameters of estimate and other assumptions: UUK analysis is based on DfE assumptions, derived from government analysis of impact of changes to the immigration system and changes in student numbers in academic year 2024/25 as reported by HESA. Our analysis uses a short term fall in postgraduate international students of 10%, and increase in undergraduate international students of 1.2% in 2024–25, and assumes a 3.5% reduction in both in 2025–26, followed by a central estimate of an annual 0.5% reduction in undergraduate numbers, and 3% growth in postgraduate numbers, between 2026–27 and 2029–30 in line with DfE forecasts. Assumes universities uplift fees by forecast CPI over the whole period consistent with OBR economic forecasts from November 2025.

Forecasting international student numbers is inherently uncertain, and we have taken a conservative estimate of income lost due to immigration policy. Early signs from Home Office Student visa data and survey data suggest the combination of Basic Compliance Assessment (BCA) thresholds being tightened imminently and reduction of Graduate Route to 18 months from January 2027, may exert further downward pressure on recruitment in 2026/27 which has not been factored into our modelling.

Our analysis compared estimated sector income from international students over the period 2024–25 to 2029–30 against three counterfactuals for what may have occurred in the absence of government immigration policies. These were:

1. International student enrolments remained unchanged, and institutions did not raise their fees.
2. International student numbers remained unchanged, and institutions raised fees each year according to CPI.

- International student numbers increased by the historical Compound Annual Growth Rate (CAGR) and institutions uplifted fees by CPI inflation

Figure 1 sets out the cumulative financial impact of government immigration policy on the sector under each counterfactual scenario over the period 2024-25 to 2029-30, and figure 2 shows the annual impact for each scenario over the same period.

In our sector level analysis of the cumulative financial impact, we use scenario 2 as a central counterfactual.

FIGURE 1: COUNTERFACTUAL SCENARIOS ANALYSED FOR FINANCIAL IMPACT OF IMMIGRATION POLICIES

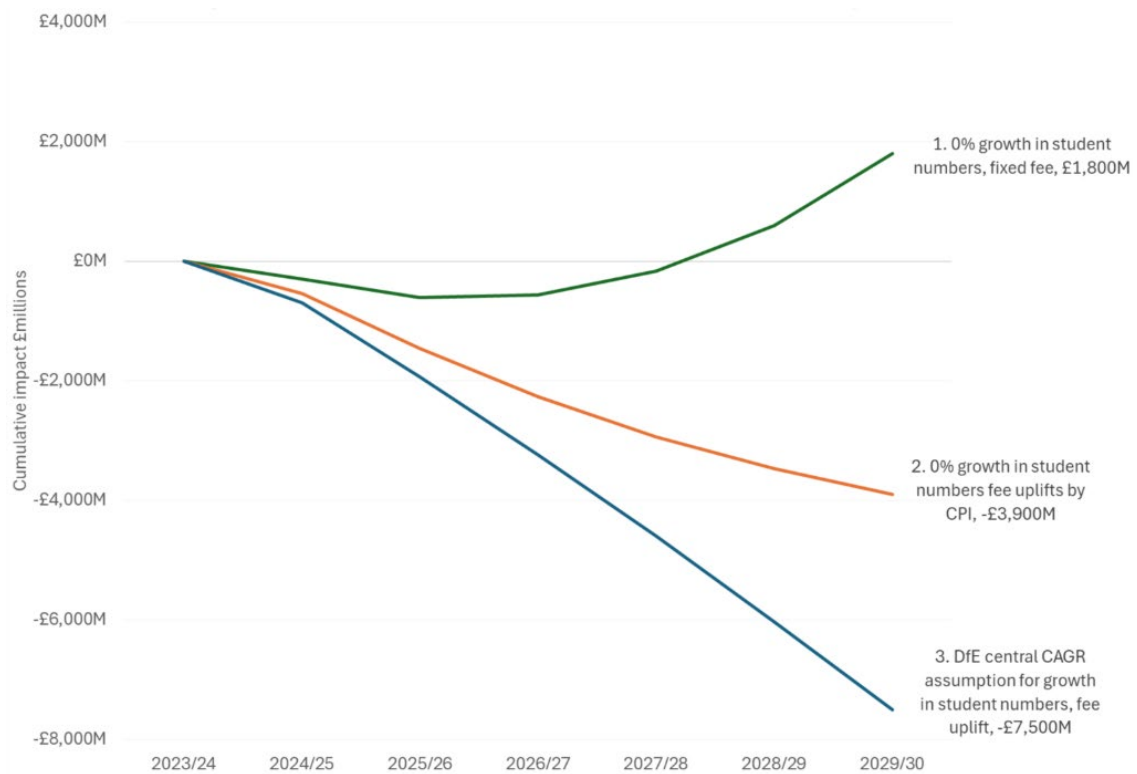
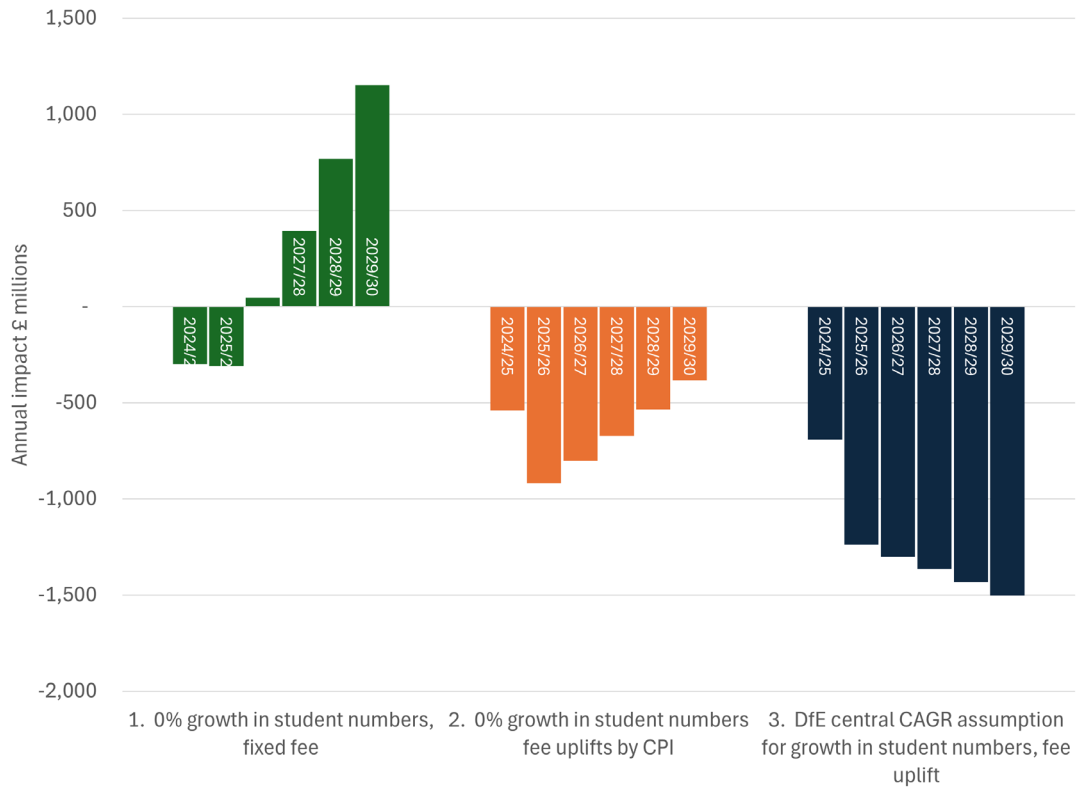


FIGURE 2: COMPARISON OF ESTIMATED IMPACT OF IMMIGRATION POLICY AGAINST VARIOUS COUNTERFACTUAL SCENARIOS



Source: UUK analysis based on DfE assumptions in DfE International Student Levy – Impact Analysis and latest HESA data on student numbers in 2024-25

Pension and national insurance changes

Estimated net impact: Cumulative increased cost of £2,163 million over the period

Institutions covered: Institutions across England which offer the Teachers’ Pension Scheme, and all institutions impacted by increases in National Insurance contributions

Parameters of estimate and other assumptions: Cost reflects impact of the Teachers’ Pension Scheme 2020 valuation from 2024–25 to 2027-28 after which a new valuation is anticipated. Given uncertainty in outcomes post 2027-28 we take a conservative estimate of no costs to the sector from this point associated with TPS. Also includes additional costs related to changes to Salary sacrifice policy announced

in the Autumn Budget that come into effect in 2029, and additional costs associated with increases in National Insurance contributions over period.

Our analysis does not account for changes in staff numbers which may impact on overall pension and national insurance costs.

Source: Universities and Colleges Employers Association (UCEA) modelling for TPS ([more details](#)) and salary sacrifice costs, and Office for Students (2025), [Financial sustainability of higher education providers in England: November 2024 update](#) for NIC costs

International student levy

Estimated net impact: Cumulative cost of £570 million over the period

Year(s) covered: As confirmed in the Autumn budget the Levy will be implemented in academic year 2028–29 (estimated annual cost to sector of £270 million) with impact continuing in academic year 2029–30 (annual cost to sector of £300 million).

Institutions covered: English higher education providers

Parameters of estimate and other assumptions: Based on Department for Education impact analysis of policy, which sets out a levy of £925 per international student to be introduced from 2028/29, with a levy-free allowance for each institution's first 220 students.

Estimated sector level figures reflect simplifying assumptions on the behavioural response of international students and universities to the levy, set out in DfE analysis in the source below. Given complexity of these estimates the figures are highly uncertain.

Source: [DfE International Student Levy – Impact Analysis](#)

Changes to government grants and funding for teaching and research

Estimated net impact: Cumulative cost of £2,593 million over the period

Institutions affected: Institutions in England

Parameters of estimate and other assumptions: Cuts in government grants for teaching apply to academic years 2024-25 and 2025–26. No details were available for government teaching grant allocations in academic year 2026-27 as of February 2026, with analysis assuming flat cash allocation in 2026-27 compared to the counterfactual of cash funding levels reported in 2023-24. Allocations for Curiosity driven core research funding, equivalent to current QR grant funding, to universities reflect Research England allocations over the period to 2029–30. The analysis does not reflect increases in competitive grants and other funding streams that universities may partially benefit from.

Impact of government policy to reduce the maximum fee and loan limits to £5,760 for foundation years in classroom-based subjects. The figure used in our analysis is a central estimate (£237m loss of income to the sector per annum) between the government’s upper (£332m annual loss of income) and lower (£143m annual loss of income) estimates as set out in the DfE impact assessment of this policy.

Defunding of Level 7 adult apprenticeship programmes is estimated to result in a loss of around £271 million per year to the sector from 2026-27. The policy takes effect from January 2026 will apply to all higher education providers in England. The impact will fall on level 7 apprentices aged 22 or over at the start of their programme.

For this estimate we used [DfE data](#) for apprentices aged 25 and over, as this is the closest publicly available data; this group represents around 69% of Level 7 starts in 2024/25. Not all programmes will be affected, as [NHS England has secured mitigation funding](#) for five frameworks. The cost estimate is based on an average maximum programme price of £19,143 and uses 2024/25 start volumes. Starts and cost data from 2025/26 are excluded due to limited data availability as defunding begins midway through in January 2026. The financial impact figure takes an average between counterfactuals of no change in apprenticeship numbers and projected growth of apprenticeships based on historical trends over the period 2026-27 to 2029-30.

Source: Office for Students (2025), [Funding for 2025-26: Decisions and allocations](#), Department for Education (2025), [Guidance to the Office for Students from the Secretary of State for Education on Strategic Priorities Grant funding for the 2025-26 Financial Year](#), Department for Education (2022), [Higher education policy statement and reform: government consultation response](#), [Budget allocations for UK Research and Innovation](#), UUK modelling based on analysis of [government apprenticeship figures](#)